



# DoD Life Cycle Management and Materiel Readiness



**Randy Fowler | Assistant Deputy Under Secretary  
of Defense  
Materiel Readiness**

DAU – LOG 304 Course

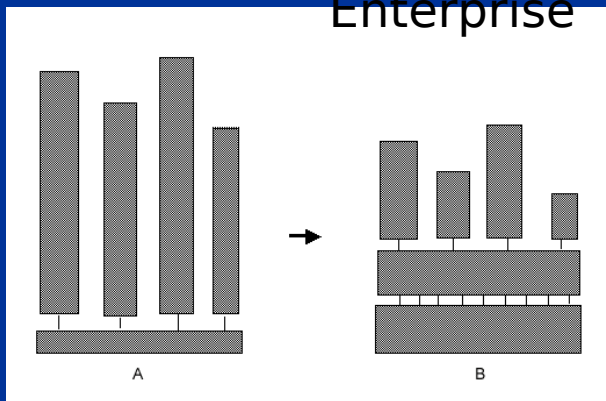
**June 17,  
2008**

# Be Bigger Than Where You Came From



Service Specific  
Stove-piped  
Organization

Joint Logistics  
Enterprise





# Things on My Mind

- 
- A black silhouette of a person's head and shoulders, facing left, with their hand resting on their chin in a classic 'thinking' pose. The silhouette is set against a light gray background with faint vertical lines.
- Political
  - Cultural
  - I'm asking as much as I'm telling!
  - Technological
  - Economic
  - PBL?
  - What is beyond where I came from
  - Trying to be bigger than
  - "Hedgehog Concept"?
  - What is my



# Sizing DoD Logistics

## The Enterprise

- Over 100,000 active suppliers
- Over 30,000 DoD customers
- 13 Inventory Control Points
- 20 maintenance depots
- 25 distribution depots
- 2 Strategic Distribution Centers
- 19 sea ports/ 6 aerial ports (CONUS)
- 27 sea ports/ 6 aerial ports (OCONUS)

## Operations

<u>Functional Area</u>	<u>Dollars</u>	<u>Personnel</u>
Maintenance	\$90.9B	654K
Supply	\$68.8B	276K
Distribution	\$18.3B	97K
Total	\$178.0B*	1,027K

FY2007

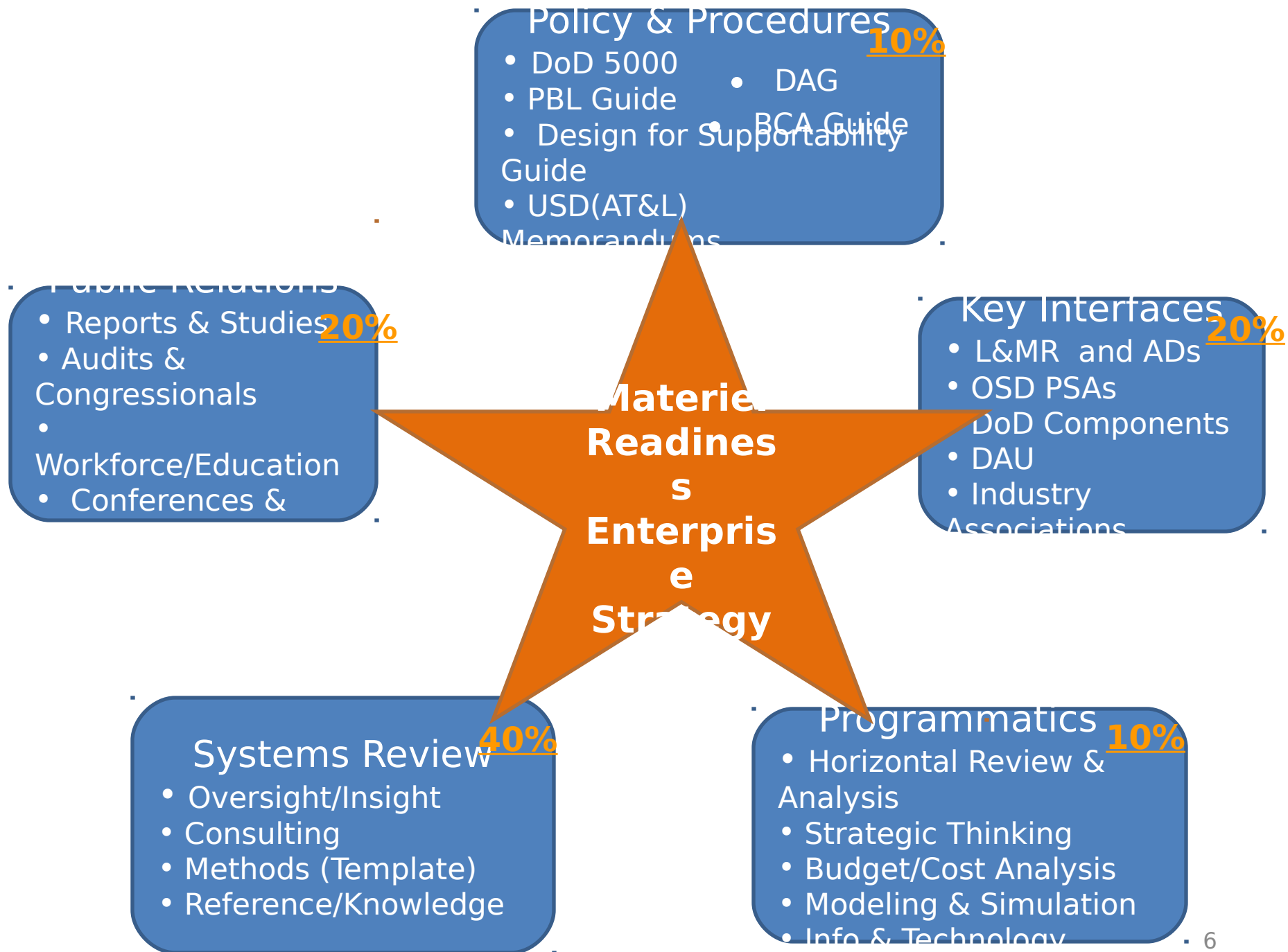




# Material Readiness (MR) Mission

---

- Advise the DUSD(L&MR) and USD(AT&L) re: policies, procedures and actions to fulfill MR responsibilities
- Develop and implement MR acquisition and sustainment requirements and associated metrics
- Align budgetary resources to MR outcomes
- Promote Congressional understanding of MR requirements and implementation
- Review documentation to include ASRs, LCSPs, APBs, SEPs, SARs, ADMs and OIPT reports to ensure supportability, readiness and sustainment are properly and adequately specified and processes are in place to facilitate their achievement
- Conduct oversight of MR implementation through participation in DAES reviews, DABs, OIPTs and other decision forums





# Early Impressions

---

- Not much institutionalized in supportability, sustainment and readiness in Big A context
- Pretty much still “kicking the can down the road” on logistics
- Pendulum swinging on many fronts
- Political vacuum approaching
- OIPT (and DAB) environment pressured by “gotta do’s” and “how much do you care’s”

# Some Rays of Sun

- MR has a heckuva good staff (but probably not right-sized for the challenges)
- Integration with Systems Engineering, DOT&E and J-4 community healthy and synergistic
- Friends in USD(AT&L) Portfolio Systems Acquisition (PSA) and Acquisition Resources and Analysis (ARA)
- RAM making a come-back
- Traction on KPPs and KSAs

**Integrated Life Cycle Management  
Encompasses the Right Direction**





# Institutionalizing ILCM Construct

~~SAF/AQ, SAF/IE, AFMC, AF/A4/7~~

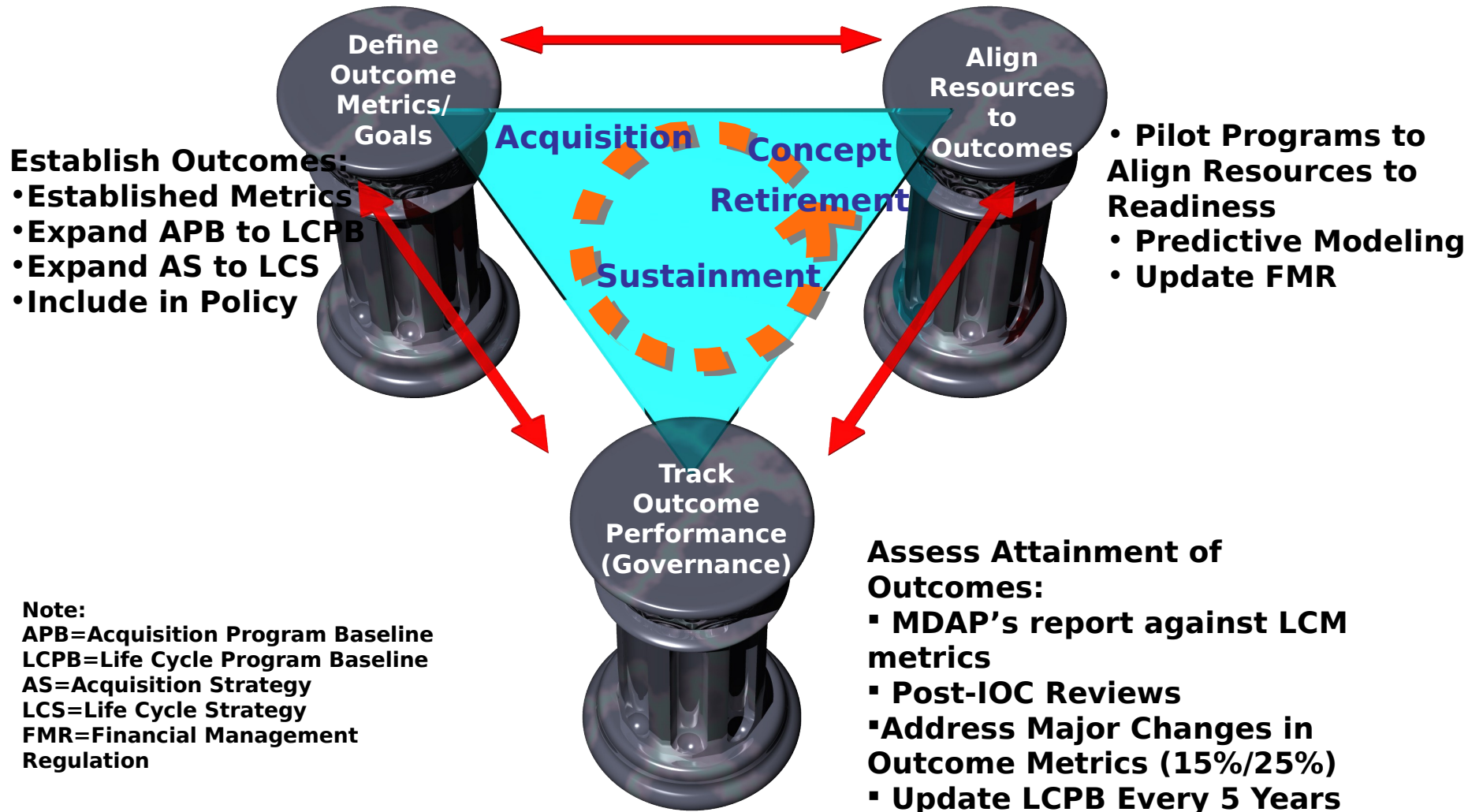
- **SECAF Commander's Intent (06 Jun 07):**
  - Drive an enterprise focus on comprehensive Life Cycle Management
  - Develop processes to avoid requirements creep, technology overreach, unrealistic sustainment plans
- **Clarified SAE Roles**
  - Responsible for all non-space Acq functions with authority and accountability for program execution and management—including:
    - Lifecycle acquisition of systems and services from pre-MS A to weapon systems retirement
    - Research, development, test, evaluation
    - Production & delivery of new systems or mods to existing systems
  - Management flows direct from SAE and MDA to PEOs to SPMs

***Deliver A Better Product With Higher Confidence of Success***

***Integrity - Service - Excellence***



# Life Cycle Management Structure



**P**erformance **B**ased **L**ife Cycle Product Support is the Strategic App



# Life Cycle Management Framework

## The Young Memo

# Draft

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

SUBJECT: Implementing a Life Cycle Management Framework

Implementing life cycle management is a top priority for the Department of Defense. To achieve the framework to accomplish this, we must integrate acquisition and sustainment throughout the life cycle of the system. We must ensure that materiel readiness and sustainment are key elements in acquisition decisions and monitored throughout the life cycle. The forthcoming DoD Instruction 5000.02 policy revision will accentuate life cycle management principles. This memorandum provides direction consistent with that policy to achieve four primary objectives: embed life cycle metrics in policy; align resources to achieve readiness levels; track performance throughout the life cycle; and implement performance based life cycle product support strategies.

### Embed Life Cycle Metrics in Policy

Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3170.01F approved implementation of a mandatory sustainment Key Performance Parameter (KPP) - Materiel Availability, along with two mandatory sustainment Key System Attributes (KSAs) - Materiel Reliability and Ownership Cost. Definitions of these metrics are included as Attachment 1. Within 60 days of this memorandum, all Major Defense Acquisition Programs (MDAPs) shall establish target goals for these metrics. These metrics align with recent Joint Staff actions and establish a single set of sustainment metrics throughout a program's life cycle. Additional metrics such as mean down time, customer wait time, and footprint reduction continue to be appropriate sustainment metrics. The DUSD(L&MR) working with Director of Acquisition Resources and Analysis (ARA) will provide within 60 days further clarification on reporting requirements against these metrics. The Defense Acquisition Management and Information Retrieval (DAMIR) system is ultimately anticipated to be the repository for these metrics.

### Align Resources to Readiness

Many program decisions are made prior to Milestone B and throughout the design and production phase without understanding the ultimate impact of these decisions on materiel readiness, reliability and ownership cost. In cooperation with the OSD Comptroller and the Director, Program Analysis and Evaluation, we have initiated a two-year pilot program to determine the feasibility of annually assessing the attainment of the life-cycle metrics mentioned above as part of the Planning, Programming, Budgeting and Execution System (PPBES) activities. I ask your continued support of this important pilot.

The use of predictive modeling and simulation (M&S) tools facilitates informed decisions. As a first step towards better understanding the full spectrum of tools available to assess life cycle sustainment metrics, I ask the Services to report to DUSD (L&MR) within 90 days on inventories of existing tools used by the Service for this purpose and any future plans

for developing new M&S tools. DUSD (L&MR) will review the information, catalog it, identify gaps in the toolset and provide recommendations to me no later than 60 days following receipt of the information from the Services.

### Track Performance Throughout the Life Cycle

Currently, our acquisition documentation does not ensure the integration of acquisition and sustainment processes in a life cycle framework. In addition to establishing life cycle metrics early in the acquisition process, we need to track and monitor our common ability to achieve these metrics throughout the operations and support phase. Towards this end, the Director ARA will determine the actions necessary for the Acquisition Strategy and Acquisition Program Baseline to take on a life cycle focus and become life cycle documents. These proposed changes should be briefed to me within 60 days.

Consistent with our current acquisition governance and oversight policies, I direct all applicable programs to report against these life cycle sustainment metrics at future program reviews and periodic program reporting venues including Defense Acquisition Executive Summary (DAES) reviews. I further intend to establish Defense Acquisition Executive (DAE) level reviews periodically following Initial Operational Capability (IOC) to oversee attainment of these metrics. Towards this end, I direct DUSD (L&MR) and Director, ARA in conjunction with ASD (NII) and DUSD (A&T) develop and present recommendations to me within 90 days for institutionalizing these post-IOC reviews.

### Implement Performance Based Life Cycle Product Support Strategies

For several years, acquisition and sustainment management have been appropriately focused toward performance based strategies. DoD Directive 5000.1 currently recognizes performance based logistics (PBL) as a key policy principle. I direct the Services to continue this emphasis with a more precise orientation to life cycle product support. PBL offers the best strategic approach for delivering readiness, reliability, and reduced ownership costs. All of the preceding tenets of this memorandum are enabled by effective PBL implementation. I want to emphasize that PBL is not a contracting strategy - it is indeed a strategy applicable to both private sector and DoD organic providers. To clarify PBL implementation directions, I direct the DUSD(L&MR) reflect appropriate procedural strengthening in the Defense Acquisition Guidebook. I further direct all applicable programs to include PBL implementation approaches in Life Cycle Sustainment Plans required per the new DoD 5000.02.

This memorandum applies to all MDAPs and major legacy programs. DUSD (L&MR) will coordinate updates to appropriate policy as required by this memorandum. I strongly encourage Service Acquisition Executives (SAEs) apply these and other life cycle management considerations to other acquisition categories (ACATs). My principal point of contact for this memorandum is the Assistant Deputy Under Secretary of Defense for Materiel Readiness (ADUSD(MR)).

Attachments:  
As stated

John J. Young, Jr.

# Draft



# State of PBL

---

- Services' current implementation status and enthusiasm are cloudy but "feels" mostly positive
- Congress has doubts – DoD must reinforce PBL benefits
- Negative connotation associated with PBL
  - PBL confused with contracting out and even TSPR
  - Other misperceptions (Title X, Core, cost, safety)
  - Resistance could brew to protect equities
- Contracting issues persist and may be getting worse
- Urgent to mobilize champions
- What's the alternative? Transactional logistics???
- Move past PBL, not back to status quo

**PBL is the DoD Sustainment Strategy  
BY POLICY!!**





# ADUSD(MR) Approach



Look back at seminal **Product Support for the 21<sup>st</sup> Century** Report

- Review and assess existing product support policies and guidance
- Assess and catalog the Services' implementation of product support (to include PBL) strategies
- Assess relationship of product support strategies to planned enterprise acquisition and sustainment environment
- Make recommendations for a way ahead for next generation product support integrated with enterprise environment

## **Basic Blocking & Tackling**

**Initiated Workgroup Meetings - Progress/Study Report Output Review**

# Leadership

**“Men, get in the boat.”**

G. Washington, Dec. 25, 1776



# You Must Play Offense



## *Hurdle the Dead*



## *Stomp the Weak*





# Tender Heart - Tough Hide





# Fox and the Hedgehog

- This concept is based on the Greek parable: “The fox knows many things but the hedgehog knows one big thing.” (Collins, Jim. *Good to Great*, 2001. Harper Collins Publishers, p. 90.)
- “Foxes pursue many ends at the same time and see the world in all its complexity. They are scattered or diffused, moving on many levels, never integrating their thinking into one overall concept or unifying vision. Hedgehogs, on the other hand, simplify a complex world into a single organizing idea, a basic principle or concept that unifies and guides everything.” (Collins)





# Ownership

Seek to be an activist - Not to be in Control



# Core Principles

- In the essentials, have unity
- In the non-essentials, have liberty (tolerance)
- In all things, have respect for one another





# Cultural Barriers



*Cultural Barriers is a politically correct disease, invented by consultants to justify high fees and adopted by some in DoD as an excuse for a lack of leadership and courage!*



# **Never Teach a Pig to Sing It Wastes Your Time and Annoys the Pig**

